

July 26, 1999

**Cutting Taxes Isn't Irresponsible — Clinton's Budget Is!**

**The Tax Cut, the Surplus,  
the Public Debt, and the President**

All the while President Clinton has been attacking GOP proposals for a tax cut, he has continued to make all kinds of extravagant claims for his budget. Now it is time to set the record straight.

The Congressional Budget Office released its mid-session review on July 21. In it, CBO's estimates put the Senate's budget and its tax cut into context with the surplus, the public debt, and the President's budget. The Congressional budget and tax cut would:

- According to CBO's latest (7/99) estimates, the total budget surplus will measure \$1.1 trillion from FY 2000-2004 and \$2.9 trillion from FY 2000-2009.
- According to CBO's latest (7/99) estimates, the non-Social Security (on-budget) surplus will measure \$294 billion from FY 2000-2004 and \$996 billion from FY 2000-2009.
- According to the Joint Committee on Taxation (JCT), the Congress' tax cut bill will total \$155.9 billion from 1999-2004 and \$791.8 billion from 1999-2009.
- According to CBO's latest (7/99) estimates, the Congressional budget and its tax cut would leave the public debt level at \$1.58 trillion in 2009.

In contrast, President Clinton's budget (as detailed in OMB's 6/99 mid-session review), as reestimated by CBO in a report released 7/21/99, would:

- Leave the public debt level at \$1.802 trillion in 2009.
  - That's over \$200 billion higher than the level left under the Congressional budget resolution and tax cut.
- President Clinton's budget saves just 67 percent of the total surplus.

- That compares to a 75 percent saving of the total surplus under the Congressional budget resolution and tax cut.
- President Clinton's budget contains \$1 trillion in new spending.
  - That's 25 percent larger than Republicans' \$792 billion reconciliation tax cut.
- President Clinton's budget increases taxes by \$100 billion over the next 10 years according to CBO.
  - That contrasts to the largest middle class tax cut since Ronald Reagan.
- President Clinton's budget spends the Social Security (off-budget surplus) in fiscal years 2000, 2004, and 2005 by a total of \$29 billion.
  - That contrasts to the Congressional budget resolution and tax cut, where the Social Security trust fund is not raided at all in any year.
- Even Democrats don't agree with Clinton on his obsessive stand against tax cuts.
  - "To me cutting taxes when we have \$3 trillion more coming in than we forecast, in the neighborhood of \$800 billion, is hardly what I would call an outrageous, irresponsible move." **Senator Bob Kerrey (D-NE)**, July 20, 1999 at Finance Committee markup.

Let America decide who is irresponsible:

- A Congress which protects every cent of Social Security's \$1.9 trillion surplus in every year; which adheres to the spending agreement reached with the President in 1997; which leaves \$277 billion to finance emergencies, other priorities (like Medicare prescription drugs), or simply additional debt reduction; and which still proposes returning \$792 of the \$1 trillion personal income tax overpayment to the taxpayers —
  - or —
- A President who proposes increasing taxes by \$100 billion over the next 10 years, despite the largest federal budget surplus in history; who wants \$1.1 trillion more spending than a Congress which is adhering to the 1997 budget agreement; who raids Social Security for \$30 billion over the next ten years; who retires over \$200 billion less public debt than would the Congress; and who can still not provide a single cent in net tax relief despite a \$1 trillion personal income tax overpayment?

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